

**93.674 JOHN H. CHAFEE FOSTER CARE PROGRAM FOR SUCCESSFUL
TRANSITION TO ADULTHOOD**

State Project/Program: N. C. LINKS PROGRAM

**U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

Federal Authorization: Social Security Act, Title IV-E, Sections 471, 472, 475 and 477 as amended by P.L. 106-169, the Foster Care Independence Act of 1999 and P.L. 115-123, the Family First Prevention Services Act of 2018. Program instructions and procedures are outlined in ACYF-CB-PI-02-05

State Authorization: **N. C. Department of Health and Human Services Division of Social Services**

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SFY 2026 audit confirmation reports for payments made to Counties, Local Management Entities (LMEs), Managed Care Organizations (MCOs), Boards of Education, Councils of Government, District Health Departments and DHSR Grant Subrecipients will be available by mid-October at the following web address:

<https://www.ncdhhs.gov/about/administrative-offices/office-controller/audit-confirmation-reports>

At this site, click on the link entitled "Audit Confirmation Reports (State Fiscal Year 2025-2026)". Additionally, audit confirmation reports for Nongovernmental entities receiving financial assistance from DHHS are found at the same website except select "Non-Governmental Audit Confirmation Reports (State Fiscal Years Oct' 2023-2026)".

The auditor should not consider the Supplement to be "safe harbor" for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a "safe harbor" for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

This State compliance supplement must be used in conjunction with the OMB 2026 Compliance Supplement which is scheduled to be issued in May 2026. The OMB supplement will include "Part 3 - Compliance Requirements," for the types that apply, and "Part 6 - Internal Control." If a federal Agency issued guidance for a specific program, this will be included in "Part 4 - Agency Program". The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

To provide counties with flexible funding that will enable them to design programs:

1. to support all youth who have experienced foster care at age 14 or older in their transition to adulthood through transitional services such as assistance in obtaining a high school diploma and post-secondary education, career exploration, vocational training, job placement and retention, training and opportunities to practice daily living skills (such as financial literacy training and driving instruction), substance abuse prevention and preventive health activities (including smoking avoidance, nutrition education and pregnancy prevention);
2. to help children who have experienced foster care at age 14 or older achieve meaningful, permanent connections with a caring adult;
3. to help children who have experienced foster care at age 14 or older engage in age or developmentally appropriate activities, positive youth development, and experiential learning that reflects what their peers in intact families experience.
4. to provide financial, housing, counseling, employment, education and other appropriate support services to former foster care recipients between 18 and 21 years of age to complement their own efforts to achieve self-sufficiency and to assure that program participants recognize and accept their personal responsibility for preparing for and then making the transition from adolescence to adulthood; and,
5. to ensure children who are likely to remain in foster care until 18 years of age have regular, ongoing opportunities to engage in age or developmentally appropriate activities.

II. PROGRAM PROCEDURES

The State completes the annual CFS-101 that provides an estimate of annual funds. The Administration of Children and Families (ACF) awards funds to states depending upon available funds. These funds require a twenty-percent match which may consist of State funds or allowable in-kind match. Funds are allocated directly to the local county departments of social services (DSS) for operation of the county LINKS programs.

Eligible youth within the custody of local DSS are not required to make applications. Eligible youth who are not in the custody of the local DSS must sign the Services Information System Client Entry Form (DSS-5027). Funds are awarded to eligible applicants depending upon need and funding availability.

Additional LINKS funds are available to be reimbursed to counties, upon approval of the state LINKS coordinator. These funds may be used for transitional and housing services. County DSS submit invoices to the State LINKS Coordinator for direct payment.

LINKS funds may be used for a variety of independent living services for current and former foster youth as outlined in NC Division of Social child welfare policy manual which may be found at: <https://policies.ncdhhs.gov/divisional/social-services/child-welfare/policy-manuals>. LINKS Program sub-recipients are monitored by the NC State LINKS Program in accordance to the NC Local County Social Service Agencies Monitoring Plan, found at: [NC Sub-Recipient Contract Monitoring Plan](#)

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements (Types) for this federal program identified by either the federal or State agency with a “Y” that are subject to the audit. The auditor must determine if the Type noted by “Y” has a direct and material effect on the federal program for the auditee. If the Type is determined to be subject to audit, the auditor must use the OMB 2026 Compliance Supplement, Part 3 and Part 4 (if an OMB supplement is issued) in addition to this State supplement to perform the audit.

If the State determines that the federal requirement does not require testing at the local level or if the State modifies the federal requirements, this is discussed in the supplement under the type of compliance requirement. Auditors are not expected to test requirements that have been noted with an “N.”

| A | B | C | E | F | G | H | I | J | L | M | N |
|---------------------------------|---------------------------------|-----------------|-------------|-------------------------------------|---------------------------------------|-----------------------|------------------------------------|----------------|-----------|-------------------------|------------------------------|
| Activities Allowed or Unallowed | Allowable Costs/Cost Principles | Cash Management | Eligibility | Equipment/ Real Property Management | Matching, Level of Effort, Earmarking | Period Of Performance | Procurement Suspension & Debarment | Program Income | Reporting | Subrecipient Monitoring | Special Tests and Provisions |
| Y | Y | N | Y | Y | N | Y | Y | N | Y | Y | N |

A. Activities Allowed or Unallowed

All activities must be reasonably connected with the goal of assisting eligible youth in transitioning to adulthood. Justification for use of funds for individual youth shall be documented in the case record. The case plan shall be based on an assessment of the youth’s strengths and needs, the goals to be achieved and the youth’s responsibilities in achieving goals. Activities in the case plan may include but are not limited to: assistance in obtaining a high school diploma, career exploration, vocational training, job placement and retention, training in daily living skills, training in budgeting and financial management skills, substance abuse prevention and preventive health activities (including smoking avoidance, nutrition education and pregnancy prevention).

All funding for housing expenses are administered by the State N.C. LINKS Coordinator. Funds allocated to county DSS shall not be expended on room or board.

Suggested Audit Procedures

1. Determine that expenditures for housing (rent, rent deposits, or payment for room and board arrangements) were not made for any youth under the age of 18 or for any young adult who was not in custody on his or her 18th birthday.
2. Review documentation in case files of youth participating in the program. Determine if the assessment and documentation of need justify expenditures from allocated LINKS funds. The assessment should be summarized in the case plan. For youth between the age of 14 and 18 the assessment and plan should also be referenced in the court report.

3. Assure that the plan documents the youth's specific agreement to accept part of the direct responsibility for successful completion of the plan.

B. Allowable Costs/Cost Principles

Funds may be used for purchase of goods or services, salary costs, program expenditures, or contracted services on behalf of eligible youth based on the agency plan or individual service plan. Maximum flexibility and creativity is encouraged within the limited guidelines set forth under E. (Eligibility).

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the cost principles described in the N. C. Administrative Code at 09 NCAC 03M .0201.

E. Eligibility

1. Youth in foster care, ages 14-21, young adults currently or formerly in foster care at ages 18-21, youth who left foster care through adoption or guardianship (including KinGAP) at age 16 or older, youth likely to age out of foster care, Youth who exited foster care after the age of 14 through reunification or a parent or primary caretaker; custody with non-removal parent or relative; or custody with other court approved caretaker remain eligible for services and assistance funded through the LINKS program allocation. Eligible youth must be citizens or qualified aliens and may not have more than \$10,000 in personal reserves.
2. Youth who are no longer in custody must sign the form DSS-5027 form for LINKS services. Minors or their parent/guardian are also allowed to sign the form for LINKS services.
3. In order to qualify for housing funds, the youth must have been in DSS foster care on his or her 18th birthday. This means that the youth was in the custody of the DSS and resided in foster care or with a relative other than the removal home at the age of 18.

Suggested audit procedures:

1. Verify age of all youth for whom program funds are being used and that beneficiaries are/were in foster care after their 14th and before their 21st birthday.
2. Verify that costs charged to LINKS funds were specifically directed at assisting the youth to gain the skills and resources needed to become self-monitoring and self-sufficient.
3. Determine if any young adults in the county are receiving LINKS Housing Assistance. If so, determine whether the person receiving housing assistance was in DSS custody on their 18th birthday.

F. Equipment and Real Property Management

Equipment purchased for the LINKS program using LINKS funds shall only be used by the program. An equipment inventory shall be maintained locally and a copy of a list of all equipment purchased with program funds shall be attached to the annual cost report. If any equipment is replaced, the old equipment should be stored until written disposition instructions are provided.

Real Property Management is not applicable to this grant.

H. Period of Performance

Federal grants are provided to the State for the Federal Fiscal Year October 1 through September 30. Funds are awarded to subrecipients on the State Fiscal Year July 1 through June 30.

I. Procurement and Suspension and Debarment

All grantees that expend federal funds (received either directly from a federal agency or passed through the N. C. Department of Health and Human Services) are required to conform to federal agency codifications of the grants management common rule accessible on the Internet at <http://www.whitehouse.gov/omb/>.

All grantees that expend State funds (including federal funds passed through the N. C. Department of Health and Human Services) are required to comply with the procurement standards described in the North Carolina General Statutes and the North Carolina Administrative Code, which are identified in the State of North Carolina Agency Purchasing Manual accessible on the Internet at <https://ncadmin.nc.gov/government/procurement/procurement-rules>. Nongovernmental subrecipients shall maintain written Procurement policies that are followed in procuring the goods and services required to administer the program.

SUSPENSION AND DEBARMENT

This requirement has not been passed to the county departments of social services and NC DHHS/DSS directly contracts with vendors; therefore, additional testing is not required.

L. Reporting

The State submits an annual CSF-101 report and SF-425 to ACF. This requirement has not been passed to the subrecipients; therefore, additional testing is not required.

M. Subrecipient Monitoring

LINKS Program sub-recipients are monitored by the NC State LINKS Program in accordance to the NC Local County Social Service agencies Monitoring Plan, found at: [NC Local County Social Service Agencies Monitoring Plan](#)

Counties may use LINKS funds to contract with subrecipients to perform all or part of LINKS services. Counties are responsible for assuring that contractors meet the Federal and State requirements for service delivery, reporting, and outcome measurements.